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SENATE

REPORT
No. 1719

AUTHORIZING THE SECRETARY OF THE INTERIOR TO CONSTRUCT, OPERATE, AND MAINTAIN THE COLLBRAN RECLAMATION PROJECT, COLORADO

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Mr. MILLIKIN, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 2813]

The Senate Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 2813) to authorize the Secretary of the Interior to construct, operate, and maintain the Collbran reclamation project, Colorado, and to provide for disposition of the project upon completion of repayment, having considered the same, report favorably thereon with the following amendments and with the recommendation that the bill as amended do pass:

Page 2, line 5, strike everything after the period down to and including line 13.

Page 3, line 4, strike everything after the colon down to and including line 13 and insert in lieu thereof the following:

Provided further, That, notwithstanding any provision of law to the contrary, net revenues derived from the sale of commercial power and from the furnishing of water for municipal, domestic, and industrial use shall be applied, first, to the amortization, with interest, of those portions of the actual cost of the construction of the project which are allocated, respectively, to commercial power and to municipal, domestic, and industrial water supply; and, thereafter, shall be applied to amortization of that portion of the cost allocated to irrigation which is beyond the ability of the irrigation-water users to repay within the period specified above. Amortization of that portion of the construction cost allocated to commercial power shall include interest on the unamortized balance thereof at 3 per centum per annum. Repayment of that portion of the actual cost of constructing the project which is allocated to municipal, domestic, and industrial water supply and of interest on the unamortized balance thereof at a rate (which rate shall be certified by the Secretary of the Treasury) equal to the average rate paid by the United States on its long-term loans outstanding at the time the repayment contract is negotiated, minus the amount of such net revenues as may be derived from temporary water-supply contracts or from other sources prior to the close of the repayment period, shall be assured by a contract or contracts satisfactory to the Secretary, the term of which shall not exceed fifty years from the date of completion of the municipal and industrial water-supply features of the project as determined by the Secretary.

EXPLANATION OF THE BILL

The bill would authorize the Secretary of the Interior to construct, operate, and maintain the Collbran project in the Colorado River Basin in the State of Colorado at the approximate construction cost of $16,086,000.

It is expressly provided that repayment contracts with water users, both irrigation and municipal, shall be for 50 years, exclusive of development periods permitted by law; and that municipal, domestic, and industrial water users shall return the full amount of costs allocated to those purposes with interest equal to the cost thereof to the United States.

Power costs shall be returned with interest at 3 percent per annum. After such repayment of the power-cost allocation, net revenues from the power installations shall be accredited to the costs of the irrigation works that remain unpaid.

DESCRIPTION OF THE PROJECT

The Collbran project consists of a system of reservoirs, canals, high-pressure pipelines, and hydroelectric power plants, designed to supply water for municipal, industrial, and irrigation uses and to generate power. The municipal, industrial, and power diversions are situated on Grand Mesa at elevations about 9,800 feet above sea level, 35 miles easterly from the city of Grand Junction, which will be served by the project. This city is the principal metropolitan community in the Colorado River Basin in Colorado. The irrigation supplies also originate on the Grand Mesa, but are to be regulated by impounding the storable snowmelt flows in the upper reaches of Plateau Creek watershed.

The waters for municipal and power uses are in part from storage in several small reservoirs and in part from natural flows of streams now used for irrigation in the Plateau Creek Valley. The Vega Reservoir on Plateau Creek will serve to supplement inadequate irrigation diversions along several tributaries of Plateau Creek and to replace the diversions proposed for municipal and power purposes. The irrigable areas include 18,340 acres of lands presently irrigated, and 2,310 acres of new lands. The municipal and industrial diversions will be accomplished by means of pressure conduits through which the waters will fall nearly 5,000 feet, passing through two power plants with an installed capacity of 7,400 kilowatts and capable of generating 51,600,000 kilowatt-hours of firm energy and 6,670,000 kilowatt-hours of secondary power.

It is apparent that each division of the project supplements the others; that the municipal and industrial diversions would not be feasible unless the irrigation exchanges are affected; and that the power potential, a physical characteristic of the project, is an indispensable factor in the financial feasibility of the project as a whole.

The estimated project costs, on the basis of present price levels, is $16,086,000, which is tentatively allocated as follows:

Irrigation	$4,792,000
Power	7,290,000
Municipal and industrial supply	3,747,000
Fish and wildlife	257,000

Repayment of these costs would be made from the following sources:

Irrigators (50 years)	$1,000,000
Power sales (60 years)	15,804,000
Municipal and industrial water users (50 years)	6,932,000
Total net earnings	23,736,000

Power earnings are based upon amortization at 3-percent interest on the power allocation, and municipal costs will be repaid with interest at a rate representing cost to the Government. Irrigation costs are interest free, and fish and wildlife costs are nonreimbursable. The total returns therefore exceed, in the periods noted, the reimbursable costs by $7,650,000. After the power costs are returned with interest at 3 percent, indicated in the foregoing, net revenues therefrom will return the remainder of the irrigation costs in about 14 years.

PROJECT WORKS

The Vega Reservoir on Plateau Creek will have an active capacity of 29,000 acre-feet. The dam will be an earth- and rock-fill structure, 140 feet in height. The Southside canal, from the reservoir, will carry water to project lands and will be 30 miles in length, and will have an initial capacity of 225 second-feet.

The principal reservoir for the municipal and power water supplies, the Bonham Reservoir, will have an active capacity of 6,200 acre-feet. It will be situated on Big Creek, a tributary of Plateau Creek. It will be an earth-fill structure. It will complement the storage in Big Meadows Reservoir and the other lesser storage units at the headwaters of both Big and Cottonwood Creeks. From these two reservoirs, 30- and 20-inch steel pipelines, 8 miles in length, will convey water to penstock No. 1, a heavy steel conduit 9,750 feet in length, which drops 2,600 feet, net, to power plant No. 1. From this plant, the water is delivered to penstock No. 2, a distance of 17 miles, through a 30-inch steel pipeline, where a power drop of 1,770 feet, net, is available through penstock No. 2, having a length of 4,300 feet. The proposed installed capacities of the power plants are:

	Kilowatts
Power plant No. 1	5,000
Power plant No. 2	2,400

From power plant No. 2, water will be conveyed 13 miles to a point near the city of Grand Junction.

NEED FOR THE PROJECT

The present population of the city of Grand Junction is 18,500. There is an expanding suburban population adjacent to the city. Present water supplies are brought from Grand Mesa at the headwaters of Kannah Creek, a distance of nearly 25 miles. This supply will be entirely used, although the city is fully metered, in about 2 years. The water of the Colorado River and the Gunnison, which join at Grand Junction, as well as the waters of tributaries in the valley, are heavily alkaline, due to irrigation uses, and are not suitable for municipal or most industrial purposes. The treatment of these waters is costly, and this fact has compelled municipalities in the valley to go to the higher regions for their supplies.

The Grand Junction area is presently the central point of the expanding mining operations, whereas the city of Grand Junction, with 50 wholesale establishments, supplies about 40,000 square miles of trade territory. According to testimony presented at the hearing held by the committee, Grand Junction is the supply point and market for—

(*a*) The chief source of uranium in the United States.

(*b*) Oil-shale deposits which contain 10 times the whole amount of oil so far produced from underground.

(*c*) Coal reserves which, with contiguous deposits of Utah and Wyoming, represent one-third of all the coal reserves in the United States.

(*d*) Potential oil and gas developments.

It was shown that the city of Grand Junction supplies water for several thousand people residing outside its city limits, but that the total population cannot continue to be served, together with large increases due to mining and processing developments, more than 2 years. The need for water is found to be urgent.

There was testimony showing that existing transmission systems would be able to receive and distribute all of the power to be produced; that the demands in the service area would eventually absorb all this power, and that the transmission line connecting the power plants would be only a few hundred feet from the existing system, which is interconnected with other Federal transmission lines.

Representatives of farmers testified to the fact that most irrigators on lands to be served by the project were usually short of water in July, and that the supplemental supply as proposed would be highly desirable to their economy.

The committee is in general agreement with the conclusion of one of the witnesses, to wit:

> The evidence that has been presented * * * shows quite clearly that this project is associated with the national defense. We have an area that is a strategic area from the point of view of uranium ores and other raw materials; and, if we are to carry out the development of those resources, we have got to provide * * * a decent water supply. We find ourselves in a position to do so associated with an irrigation development and a power development that will help finance it. * * *

The committee finds that the project has excellent financial feasibility and that the water-supply features are interdependent, because of a necessary exchange of water, and that the development of power is incidental to the other purposes, but will aid in repayment of all the costs.

DEPARTMENTAL REPORTS

The bill conforms generally to the suggestions and recommendations of the letter of Director F. J. Lawton, Bureau of the Budget, dated June 19, 1951, addressed to the Secretary of the Interior. This and other related documents are contained in House Report No. 1051, Eighty-second Congress, first session.

Amend the title so as to read:

> A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Collbran reclamation project, Colorado.

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